Bank Dhofar Morning Market Update

Date: 15/07/26

Global Update

Asian markets rallied sharply after softer-than-expected US inflation data prompted investors to scale back expectations of near-term Federal Reserve rate hikes, reviving risk appetite and reigniting the AI-driven technology trade. MSCI Asia Pacific rose 2.3%, its strongest gain in a month, led by South Korea's Kospi, which surged 8.2% to reclaim its position as the world's best-performing major equity benchmark this year, while SK Hynix jumped on strong AI-related momentum. Equity futures signaled further gains in Europe and the US, and bond markets rallied as Treasury yields fell amid reduced expectations of Fed tightening. However, geopolitical risks remained in focus as Brent crude climbed for a third consecutive session to around $85.55 per barrel following escalating US-Iran tensions and disruptions around the Strait of Hormuz, raising concerns that higher energy prices could complicate the inflation outlook despite cooling US price pressures. The dollar weakened against most G10 currencies, gold eased modestly after its previous gains, and Chinese data painted a mixed picture, with stronger-than-expected retail sales and industrial production offset by slowing GDP growth. Meanwhile, strong earnings from major US banks provided additional support to investor sentiment, although record tightness in US and European fuel markets continues to highlight upside risks to oil prices. Overall, markets are balancing optimism over easing inflation, lower bond yields, resilient earnings, and renewed AI enthusiasm against the risk that escalating Middle East tensions and higher energy costs could reignite inflationary pressures and complicate the Fed's policy path.
GBP/USD edged higher toward 1.3405 in early Asian trading as the US dollar weakened following softer-than-expected US inflation data, which reduced expectations of further Federal Reserve tightening, with investors now awaiting the June US Producer Price Index for additional policy clues. The pair is trading around 1.3378 after breaking above the downtrend resistance line from the May highs, although it remains capped by the key 200-day SMA at 1.3397. Technical indicators suggest a mildly bullish bias, with the RSI holding above 50 and the MACD remaining in positive territory. A decisive break above the 200-day SMA could pave the way for a move toward the June 15 and July 10 highs near 1.3455, while failure to clear this resistance could see the pair retest support at 1.3330, the lower end of the recent trading range. Below that, the next downside levels are the broken trendline around 1.3290 and the June 22 and June 30 highs near 1.3270. Overall, the near-term bias remains cautiously bullish as long as GBP/USD holds above key support levels, with the 200-day SMA serving as the immediate hurdle for further gains.

Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1420	1.1442	1.1418
GBPUSD	1.3390	1.3409	1.3380
USDJPY	162.25	162.2700	161.97
USDINR	96.18	96.18	96.05
USDCNY	6.7648	6.7697	6.7646
USDCHF	0.8091	0.8097	0.8080
AUDUSD	0.6975	0.6993	0.6970
NZDUSD	0.5815	0.5826	0.5805

The euro rose 0.2% to $1.1438.The Japanese yen was little changed at 162.17 per dollar.The offshore yuan was little changed at 6.7698 per dollar.

Rates

	Last Price	Previous Day Close
O/N SOFR	3.600	3.600
1 month SOFR	3.676	3.676
3 month SOFR	3.753	3.753
6 months SOFR	3.871	3.871
12 month SOFR	4.033	4.033
3 years IRS	4.042	4.035
5 years IRS	4.037	4.033

The yield on 10-year Treasuries was little changed at 4.60%.Japan's 10-year yield declined two basis points to 2.685%.Australia's 10-year yield declined one basis point to 4.90%.

Global Markets

	Current Levels
CBO Repo Rate	4.25
O/N OMIBOR	4
*Bank Deposit Rates for 1 years	4.45
Bank Deposit Rates for 5 years	4.00

*Amount>500k OMR

	Level	1-Day Change (%)	YTD (%)
S&P 500	7544	0.376	10.20
Euro Stoxx 600	642	0.170	8.43
ShanghaiComposite Index	3964	-0.081	-0.12
MSX-30	7604	-0.187	29.61
NIFTY-50	24193	0.586	-7.41
Brent Crude ($/bbl)	85.47	0.897	42.08
Gold ($/oz.)	4032	-0.503	-6.64
DXY	101	-0.117	2.52
Silver($/oz.)	58	-0.417	-18.43

Calendar

Key Data Watch	Time (GST)	Expected	Prior
MBA Mortgage Applications	15:00		-2.2%
Empire Manufacturing	16:30	9.2	5.7

For any Treasury related requirement, please contact:
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